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SENSITIVE
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NSC FOR D.WALTON; MCC FOR ISMAIL

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SUBJECT: FACT FINDING TEAM PRESENTS REPORT, PRESIDENT
PONDERES NEXT MOVE

REF: JAKARTA 1845

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11. (SBU) SUMMARY: A presidentially-appointed fact finding team called for total reform of Indonesia's law enforcement institutions in its final report released on November 17. The ball is now in President Yudhoyono's court. The fact-finding team, commissioned to investigate allegations of a conspiracy to implicate Corruption Eradication Commission (KPK) leaders in criminal misconduct (see reftel), found that the evidence against the KPK leaders is weak and recommends halting the legal process against them. It also recommends sanctioning the responsible officials and reforming the police and prosecutor's office. President Yudhoyono is expected to publicly respond to the report on November 23 after also reviewing rebuttals from the police and prosecutor's office. END SUMMARY

RECOMMENDATIONS

12. (U) In its November 17 report, the presidential fact finding team, known as the Team of 8, recommended dropping the case against KPK commissioners Chandra Hamzah and Bibit Samad Riyanto. The report asserted that evidence against the two commissioners was not strong enough to continue a legal case against them. The report also stated that the law enforcement agencies involved were unprofessional, as evidently middlemen who sought personal gain had manipulated the evidence. The report stated that institutional reform which honored the independence of the KPK was essential. It also advised the President to establish a state commission to devise a comprehensive program for national legal reform which would coordinate with all legal institutions to uphold the rule of law, due process, justice, and human rights.

THE FOLLOW THROUGH

13. (U) After receiving the report, the team held a press conference with Coordinating Minister for Political, Legal and Security Affairs Djoko Suyanto to discuss further action. Suyanto announced that President Yudhoyono instructed the team to publicly disseminate the report. He also said Yudhoyono would give the police and prosecutors 2 to 3 days to respond to the report. After receiving the report, SBY will meet with cabinet officials to discuss further action and announce his response on November 23.

WHAT NEXT?

14. (U) In surprise moves also on November 17, the AGO announced that prosecutors were ready to file charges against Chandra Hamzah in court and the INP reinstated Susno Duadji to his position as chief of the INP,s Criminal Investigation Division. Attorney General Hendarman Supandji stated that he was still considering whether or not his office would file the charges with the court to begin the trial process for Bibit and Chandra. INP Chief Bambang Hendarso Danuri had stated previously that Duadji,s was only suspended so that his authority would not interfere in the Team of 8,s investigation. (so why was this a surprise then? Were there noises about reinstating him before?)

15. (SBU) All eyes are now on SBY to see what action he will take. So far, he has predicated his action on a reluctance to interfere in any legal process against the commissioners. Chief editor of leading news magazine Tempo, Bambang Harymurti, warned that allowing charges against Chandra and Bibit to proceed to trial would extend public distrust of Indonesian legal institutions to the courts. He said if the case proceeds to trial, the public will have access to the weak, circumstantial evidence against the KPK commissioners and this will further discredit the Indonesian legal system. This would distract the new administration,s attention from many other pressing issues with obvious negative consequences.

16. (U) Eric Sugandi, a local economist with Standard Charter Bank, suggested that a lack of follow through by the SBY administration could shake Indonesia,s economy. He suggested that ignoring the Team of 8,s recommendations could have a negative impact on the rupiah and investment

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climate. On the contrary, if the KPK saga results in the institutional reform which the team,s report suggests, it could bring more foreign direct investment by promoting stability and transparency.
HUME